

AR43



SEMI-ANNUAL
REPORT TO SHAREHOLDERS

JUNE 30, 1976

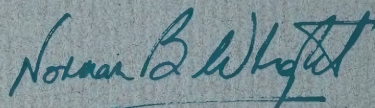
To Our Shareholders:

Net sales for Van Der Hout for the first six months of 1976 reached a new high of \$16,691,000, a 26% improvement over the \$13,230,000 reported for the same period last year. This sales gain reflects the strong resurgence of the heavy duty truck and van markets in North America, coupled with a steady replacement market demand for our products.

Net profit for the Company rose to \$293,956, or 18¢ a share vs. a restated \$6,177 for the first six months of 1975. Much of this improvement reflects management's continued program for cost reduction and the ability to improve margins from their depressed 1975 levels.

We are pleased to report that all divisions of the Company contributed to the improved profit performance. In particular, the Orangeville Division, with its reorganized management and production facilities, substantially exceeded expectations. Our Exhaust Division also enjoyed an excellent first half and continues to operate at capacity. The capacity expansion at our Exhaust Division, to be achieved through the addition of new high-speed equipment, should be completed by the end of the first quarter next year.

Management continues to diligently address itself to the ongoing goals of internal cost cutting, effective marketing programs and more efficient distribution systems. Looking ahead, we see an improving trend in many of our key marketing areas, led by the economic resurgence in the United States. In particular, new truck and recreational vehicle sales continue to climb and we will continue to participate in that recovery.



Norman B. Wright,
President.

STATEMENT OF INCOME (UNAUDITED)

For the Six Months ended June 30, 1976

	1975 (Restated)	1976
Net Sales	\$13,229,673	\$16,690,600
Operating Profit	55,755	550,340
Less:		
Income Taxes	41,815	242,360
Minority Interest	7,763	14,000
	49,578	256,360
Net Profit	\$ 6,177	\$ 293,956
E.P.S.	NIL	18¢